



Audit Committee Meeting  
April 28, 2022 @ 3:00pm  
Virtual Meeting  
Via Zoom

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**AGENDA**

1. Call to Order
2. Approval of Agenda
3. Approval of Meeting Minutes
4. Introduction of New Audit Committee Member
5. Discussion of Committee Officers Appointment
6. Management Reports (*Summary presented by Internal Audit staff*)
  - a. Quarterly Management Implementation Status Report
7. Internal Audit Activities (*Presented by Internal Audit staff*):
  - a. Changes to Employee Pay Audit
  - b. Request Change to Audit Plan
8. Adjournment

Attachments:

- a) Draft Meeting Minutes – January 27, 2022
- b) Quarterly Management Implementation Status Report 3<sup>rd</sup> Quarter FYE22
- c) Changes to Employee Pay Audit Report (A2021-04)

**AUDIT COMMITTEE MEETING**  
**January 27, 2022 @ 3:00 PM**  
**Virtual Meeting**

Council Members Present: CM Johnny Dawkins, Chair  
CM Yvonne Kinston

Absent: CM Larry Wright

Committee Members Present: Ron O'Brien  
Amy Samperton, Vice-Chair

Staff Present: Doug Hewett, City Manager  
Jay Toland, Assistant City Manager  
Telly Whitfield, Assistant City Manager  
Rebecca Jackson, Chief of Staff  
Elizabeth Somerindyke, Internal Audit Director  
Ms. Rose Rasmussen, Internal Audit Staff  
Ms. Amanda Mott, Internal Audit Staff  
Karen McDonald, City Attorney  
Lachelle Pulliam, Assistant City Attorney  
Dwayne Campbell, Chief Information Officer  
Willie Johnson, Assistant Chief Information Officer  
Assistant Chief James Nolette, Fayetteville Police Department  
Assistant Chief Anthony Kelly, Fayetteville Police Department  
Chief Michael Hill, Fayetteville Fire Department  
Daniel Edwards, Assistant Public Services Director  
Andrea Tebbe, Executive Assistant to the City Council

**1. Call to Order**

- CM Dawkins called meeting to order at 3:04 PM

**2. Approval of Agenda**

**MOTION:** Ms. Amy Samperton moved to approve agenda  
**SECOND:** Mr. Ron O'Brien  
**VOTE:** Unanimous (4-0)

### **3. Approval of Minutes**

**MOTION:** Mr. Ron O'Brien moved to approve minutes from the August 5, 2021 Meeting

**SECOND:** CM Kinston

**VOTE:** UNANIMOUS (4-0)

### **4. Follow Up on Motion Referred to City Council at the November 18, 2021 Audit Committee Meeting – Requested by Council Member Kinston**

During the November 18, 2022 Meeting, the Audit Committee voted 4-0 to send the item to the City Council and seek guidance from UNC School of Government. A council Member request was submitted but the item was withdrawn at the December 6, 2021 Work Session

Discussion ensued.

Joint Council Member request will be submitted to request that City Council discuss the allegations of former Council Member Waddell to determine if an outside investigation is needed.

### **5. Internal Audit Activities- presented by Internal Audit Staff**

#### **1. Fire Kronos Implementation Audit**

##### **Background**

Kronos project vision to consolidate and automate  
Implemented FY2016, except Public Safety departments  
Telestaff used to schedule, deploy and manage resources  
Employees' time was entered manually

##### **Scope**

Included payroll for June 21, 2021 through September 26, 2021  
Sampled 38 (11%) of active Fire Department personnel for 7 pay periods  
Only audited hours  
Payments were not calculated

##### **Results**

###### **Internal Audit Concludes**

Payroll policy did not exist  
Additional review processes and manual corrections required  
Manual corrections not reviewed by independent party  
Payroll procedures needed updated and back up required training

Management Action Plan

Policies and procedures pending

Maintain an alternate employee

Quality control audits

**MOTION: Ms. Amy Samperton moved to accept the Fire Kronos Implementation Audit**

**SECOND: Mr. Ron O'Brien**

**VOTE: UNANIMOUS (4-0)**

**6. Management Report – Presented by Internal Audit Staff**

**1. Quarterly Management Implementation Status Report**

This is an overview of the audits completed with recommendations that are not fully implemented

- a. Solid Waste Fees: The recommendations are pending an update to the City ordinance.
- b. Police Department Payroll: The department is working through implementing Kronos and will update their procedures following the go live of the timekeeping system.
- c. Wireless: The department is requesting FTE for the upcoming fiscal year. They will need an additional person to implement the recommendations.
- d. Vector Fleet: This was just presented at the last meeting. They are working through hiring a fleet manager and working on procedures.

Questions:

Do any of the management feel short of resources? **Staff is funneling any request for FTE through the Budget Process and it is not appropriate for the interim Fleet Manager to make policy decisions. Those policy changes and decisions will be completed when a Manager is hired**

This report is for informational purposes and no action needed.

**7. Additional Items of Business**

Council Member Dawkins recognized Ms. Elizabeth Somerindyke and noted her retirement from the City of Fayetteville. He opened the floor for committee members to share comments with Ms. Somerindyke.

Interim Internal Audit Director will be Ms. Rose Rasmussen.

CM Dawkins stated he would like to end his time as Audit Committee Chair but remain a member and will recommend CM Kinston as Chair to Mayor Colvin.

**8. Adjournment**

Mr. Ron O'Brien moved to adjourn meeting at 3:49 PM.

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Council Member Johnny Dawkins, Chair

ATTEST:

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Andrea Tebbe, Executive Assistant to the City Council

DRAFT



April 28, 2022

Members of the Audit Committee,

Enclosed is the updated Quarterly Management Implementation Status Report.

The attached report provides members of the Audit Committee with an update on the progress of management's implementation of recommendations made by the Office of Internal Audit. Departmental management updates will be provided quarterly at each regularly scheduled Audit Committee Meeting.

A short summary of the progress updates are provided to allow a quick assessment of the audit report recommendations NOT fully implemented. The attached report represents updates given by management on the progress made to implement Internal Audit's recommendations. Except as otherwise noted, no assessment on the progress of the recommendations has been performed by the Office of Internal Audit.

Please provide us with any questions or ideas for improving this report to enhance your ability to monitor the effective implementation of recommendations.

A summary of the report will be presented. We welcome discussion on the management updates.

Respectfully,  
Rose Rasmussen  
Interim Internal Audit Director

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3rd Quarter)**

|   | <u>Date Released</u> | <u>Issued</u> | <u>Accepted</u> | <u>Recommendations</u> |                              |                        |
|---|----------------------|---------------|-----------------|------------------------|------------------------------|------------------------|
|   |                      |               |                 | <u>Implemented</u>     | <u>Partially Implemented</u> | <u>Not Implemented</u> |
| Police Department Confidential Funds A2016-01       | January 2016         | 1             | 1               | 1                      | 0                            | 0                      |
| Contract Practices and Procedures A2016-06          | October 2017         | 3             | 3               | 3                      | 0                            | 0                      |
| Police Department Confidential Funds A2018-03       | February 2018        | 1             | 1               | 1                      | 0                            | 0                      |
| Performances Measures A2018-04                      | January 2019         | 4             | 4               | 4                      | 0                            | 0                      |
| PRM Nonresident Fees A2016-05                       | January 2019         | 7             | 7               | 7                      | 0                            | 0                      |
| Code Violation Enforcement and Collections A2019-06 | August 2019          | 7             | 7               | 7                      | 0                            | 0                      |
| Residential Solid Waste Fees A2019-04               | October 2019         | 5             | 5               | 1                      | 3                            | 1                      |
| Police Payroll A2020-01                             | August 2020          |               |                 |                        |                              |                        |
| Police Department                                   |                      | 14            | 14              | 12                     | 0                            | 2                      |
| Finance Department                                  |                      | 4             | 4               | 4                      | 0                            | 0                      |
| Accounts Payable Timeliness A2020-02                | January 2021         | 5             | 5               | 5                      | 0                            | 0                      |
| Wireless Communication Usage A2021-02               | August 2021          | 7             | 7               | 0                      | 0                            | 7                      |
| Vector Fleet Contract A2020-04                      | November 2021        | 3             | 3               | 0                      | 0                            | 3                      |
| Fire Kronos Implementation A2022-01                 | January 2022         | 4             | 4               | 1                      | 3                            | 0                      |

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

|            |                        |                              |   |   |
|------------|------------------------|------------------------------|---|---|
| <b>KEY</b> | <b>Not Implemented</b> | <b>Partially Implemented</b> | <b>Implemented</b>                                    | <b>Past Implementation Date</b>                         |
|            | <b>Recommendation</b>  | <b>Management Response</b>   | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2016-05 Parks, Recreation and Maintenance Nonresident Fees Implementation**

| <b>Status of Recommendations on January 27, 2022:</b> |                       |                 |       |
|---|-----------------------|-----------------|-------|
| Implemented   | Partially Implemented | Not Implemented | Total |
| 6   | 0                     | 1               | 7     |

\*This report reflects responses for the 1 outstanding recommendation.

|     |  |   |  |  |
|-----|--|---|--|--|
| 4.1 | <p>Management should consider having RecTrac administration supervised by the Information Technology Department. This should not only alleviate the current conflict of interest but would allow personnel to supervise this position with knowledge of the need for segregation of duties, access controls and security over RecTrac.</p> | <p>After ensuring IT had the capacity to accommodate RecTrac administration, management will outline a transition plan over the next several weeks, to include the delineation of “administrative rights.” Additionally, given RecTrac’s integral role in sustaining PRM operations, it is Management’s belief that dedicated technical administration is required. The creation of a RecTrac Systems Analyst in the FY21 budget would enhance day-to-day support/user experience, identify and resolve issues and improve process efficiencies as transactions grow.</p> <p><b>Responsible Party:</b> Michael Gibson, PRM Director and Adrienne Thomas, Business Manager</p> <p><b>Implementation Date:</b> 03/01/2019</p> | <p><b>Implemented</b></p> <p>Updated software implemented.</p> | <p><b>Not Implemented</b></p> <p>We are currently in the process of updating the RecTrac software system to a new version and IT is spearheading that process.</p> |
|-----|--|---|--|--|



**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

|            |                        |                              |   |   |
|------------|------------------------|------------------------------|---|---|
| <b>KEY</b> | <b>Not Implemented</b> | <b>Partially Implemented</b> | <b>Implemented</b>                                    | <b>Past Implementation Date</b>                         |
|            | <b>Recommendation</b>  | <b>Management Response</b>   | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2019-04 Residential Solid Waste Fees**

| <b>Status of Recommendations on January 27, 2022:</b> |                       |                 |       |
|---|-----------------------|-----------------|-------|
| Implemented   | Partially Implemented | Not Implemented | Total |
| 1   | 3                     | 1               | 5     |

\*This report reflects responses for the 4 outstanding recommendations.

|     |   |  |  |   |
|-----|---|--|--|---|
| 1.1 | <p>Solicit City Council’s support on updates necessary to the City Code of Ordinances Chapter 22, Solid Waste as it will be essential to ensure adherence to the City Code of Ordinances;</p> | <p>Management will seek council direction regarding level/scope of solid waste services. Full implementation of ‘Recommendation #1’ is contingent upon continuation of the ‘existing’ level/scope of services within solid waste division with no significant additions such as service to multi-family units or commercial facilities.</p> <p><b>Responsible Party:</b> Public Services Director</p> <p><b>Implementation Date:</b> Management will seek Council support in the format of a preliminary work session presentation by April 30, 2020 and follow up ordinance updates by September 30, 2020 contingent upon continuation of the ‘existing’ level/scope of services within the solid waste division.</p> | <p style="color: red;"><b>Partially Implemented</b></p> <p style="color: red;">The Solid Waste ordinance is 90% completed. Public Services, Solid Waste Division, and Developmental Services, Code Enforcement are working through QuEST with SPA to complete the SW ordinance's enforcement sections of the ordinance. Once the enforcement process is completed, SW will present the finished ordinance to Council for their approval.</p> <p style="color: red;"><b>Additional Next Steps:</b></p> <ul style="list-style-type: none"> <li>• Review ordinance recommendations with CAO Office, CMO office and adjust as needed to</li> </ul> | <p style="color: red;"><b>Partially Implemented</b></p> <p style="color: red;">The Solid Waste ordinance is 90% completed. To finish the ordinance, staff sought concurrence from the City Council on modifying the bulky and limb service levels to either scheduled or routed collections.</p> <p style="color: red;">The SW staff recommended option three out of the presented options:</p> <ol style="list-style-type: none"> <li>1. Scheduled collections (Limb only)</li> <li>2. Every Six Weeks Collections (Limb only)</li> <li>3. Every Other Week Collections</li> <li>4. Weekly Collections</li> <li>5. Peer City Options</li> </ol> <p style="color: red;">Council consented to Option 3, every other week bulky and</p> |
|-----|---|--|--|---|

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented       | Partially Implemented      | Implemented   | Past Implementation Date                                |
|-----|-----------------------|----------------------------|---|---|
|     | <b>Recommendation</b> | <b>Management Response</b> | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2019-04 Residential Solid Waste Fees**

|  |  |  |   |  |
|--|--|--|---|--|
|  |  |  | <p>align with CoF needs and strategic goals and objectives.</p> <ul style="list-style-type: none"> <li>• Implement areas of the ordinance that are currently in the ordinance but not being implemented.</li> <li>• Adjust timeline to fit the goal of implementation of new ordinance for July 1, 2023</li> <li>• PIS to create a plan for educating residents               <ul style="list-style-type: none"> <li>· Meet with all the neighborhood watch groups</li> <li>· Reach out to churches and assemblies</li> </ul> </li> <li>• Use SW PIS and Corporate Communications for               <ul style="list-style-type: none"> <li>· Social media,</li> </ul> </li> </ul> | <p>limb collections. Once staff has vetted the biweekly process, they will update the ordinance and present it to Council in the February work session of 2022.</p> <p>SW started the soft rollout of every other week's collection of Limbs and Bulky beginning November 1, 2021. SW staff has successfully navigated the transition from scheduled to routed collections. SW has collected over 7K of Limbs and Bulky piles in eight (8) weeks.</p> <p><b>Additional Next Steps:</b></p> <ul style="list-style-type: none"> <li>• Review ordinance recommendations with CA Office, CMO office and adjust as needed to align with CoF needs and strategic goals and objectives.</li> <li>• Implement areas of the ordinance that are currently in the ordinance but not being implemented.</li> </ul> |
|--|--|--|---|--|

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented       | Partially Implemented      | Implemented   | Past Implementation Date                                |
|-----|-----------------------|----------------------------|---|---|
|     | <b>Recommendation</b> | <b>Management Response</b> | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2019-04 Residential Solid Waste Fees**

|     |  |  |  |  |
|-----|--|--|--|--|
|     |  |  | <ul style="list-style-type: none"> <li>• Flyers/Mailers, and other forms of educations etc.</li> <li>• Create processes/tools for scheduling and implementing notices, fines, and assessments. Part of QuEST project.</li> </ul> | <ul style="list-style-type: none"> <li>• Adjust timeline to fit the goal of implementation of new ordinance for July 1, 2022</li> <li>• Create a plan for educating residents</li> <li>• Meet with all the neighborhood watch groups</li> <li>• Reach out to churches and assemblies</li> <li>• Corporate Communications – social media, etc.</li> <li>• Flyers/Mailers</li> <li>• Create processes/tools for scheduling and implementation of notices, fines, and assessments.</li> </ul> <p style="color: red;">Full implementation of new revisions to begin July 1, 2022</p> |
| 1.2 | Coordinate with the City Attorney’s office to update the City Code of Ordinances to allow solid waste services to be provided consistently and ensure the residential solid waste fees are being assessed appropriately. Any updates to the City Code of | Management will seek council direction regarding level/scope of solid waste services. Full implementation of ‘Recommendation #1’ is contingent upon continuation of the ‘existing’ level/scope of services within solid waste division with no significant | <p style="color: red; margin: 0;"><b>Partially Implemented</b></p> <p style="color: red; margin: 0;">See response for 1.1</p>  | <p style="color: red; margin: 0;"><b>Partially Implemented</b></p> <p style="color: red; margin: 0;">See response for 1.1</p>  |

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented | Partially Implemented | Implemented                                    | Past Implementation Date                         |
|-----|-----------------|-----------------------|--|--|
|     | Recommendation  | Management Response   | Management Follow-up Response – April 28, 2022 | Management Follow-up Response – January 27, 2022 |

**A2019-04 Residential Solid Waste Fees**

|     |   |   |   |  |
|-----|---|---|---|--|
|     | Ordinances should ensure compliance with North Carolina General Statutes.   | <p>additions such as service to multi-family units or commercial facilities.</p> <p><b>Responsible Party:</b> Public Services Director</p> <p><b>Implementation Date:</b> Management will seek Council support in the format of a preliminary work session presentation by April 30, 2020 and follow up ordinance updates by September 30, 2020 contingent upon continuation of the ‘existing’ level/scope of services within the solid waste division.</p> |   |  |
| 2.2 | Develop a process to add, activate and inactivate addresses in Fleetmind as needed to maintain current, accurate, valid data. | Management concurs with the need to develop a process to add, activate and inactivate addresses in Fleetmind to maintain a current, accurate, and valid data base. However this process is contingent upon the outcomes of ‘Recommendation #1’. Further, full implementation of these processes involves compliance and cooperation from entities outside the direct control and influence of the   | <b>Partially Implemented</b><br><br>Fleetmind upgrades are still not completed. The Fleetmind server upgrades are still not completed. SW meet has a scheduled weekly meeting with Fleetmind to discuss issues and give updates on the server issue. FM Support verified that the E drive was full due to an error in VDI. The error was fixed, and | <b>Partially Implemented</b><br><br>Fleetmind upgrades are still not completed. The Fleetmind server upgrades request is on hold as IT has a few questions concerning requirements, outcomes, and scheduling. SW entered a request via our ticketing system to proceed. Fleetmind is still working on fixing the issues. |

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented       | Partially Implemented      | Implemented   | Past Implementation Date                                |
|-----|-----------------------|----------------------------|---|---|
|     | <b>Recommendation</b> | <b>Management Response</b> | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2019-04 Residential Solid Waste Fees**

|     |   |  |   |  |
|-----|---|--|---|--|
|     |   | <p>Solid Waste Division such as CoF’s Planning Division, Cumberland County and FleetMind Vendor. Implementation dates provided below are for those activities that are within the direct control and influence of the Solid Waste Division as well as what can be accomplished within Council appropriated budgetary limits.</p> <p><b>Responsible Party:</b> Public Services Director</p> <p><b>Implementation Date:</b> Public Services Solid Waste Division will develop a process to add, activate and inactivate addresses in Fleetmind to maintain a current, accurate, and valid data base by June 30, 2022 contingent upon management responses.</p> | <p>the service is back to normal. IT is a part of these discussions with Fleetmind. An RFP for a Fleet-onboarding-system will be complete before April 29, 2022.</p> <p><b>Partially Implemented</b></p> <p>Upon completing "Recommendation 1," SW will vet the Fleetmind data to align with any ordinance revisions if needed.</p> | <p><b>Partially Implemented</b></p> <p>Upon completing "Recommendation 1," SW will vet the Fleetmind data to align with any ordinance revisions if needed.</p> |
| 2.3 | Develop comprehensive written policies and procedures to maintain Fleetmind data integrity, once the processes are established. | Management concurs with the need to develop comprehensive written policies and procedures to maintain Fleetmind data integrity. However this process is contingent upon the outcomes of ‘Recommendation #1’.   | <p><b>Not Implemented</b></p> <p>Solid Waste Management will begin writing policies and procedures to maintain data integrity for Fleetmind once the</p>  | <p><b>Not Implemented</b></p> <p>Solid Waste Management will begin writing policies and procedures to maintain data integrity for Fleetmind once the</p>       |

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented | Partially Implemented | Implemented                                    | Past Implementation Date                         |
|-----|-----------------|-----------------------|--|--|
|     | Recommendation  | Management Response   | Management Follow-up Response – April 28, 2022 | Management Follow-up Response – January 27, 2022 |

**A2019-04 Residential Solid Waste Fees**

|  |  |   |  |  |
|--|--|---|--|--|
|  |  | <p>Further, full implementation of these processes involves compliance and cooperation from entities outside the direct control and influence of the Solid Waste Division such as CoF’s Planning Division, Cumberland County and FleetMind Vendor. Implementation dates provided below are for those activities that are within the direct control and influence of the Solid Waste Division as well as what can be accomplished within Council appropriated budgetary limits.</p> <p><b>Responsible Party:</b> Public Services Director</p> <p><b>Implementation Date:</b> Public Services Solid Waste Division will develop comprehensive written policies and procedures to maintain Fleetmind data integrity by June 30, 2022 contingent upon management responses.</p> | <p>Solid Waste Ordinance is updated.</p> | <p>Solid Waste Ordinance is updated.</p> |
|--|--|---|--|--|

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

|            |                        |                              |   |   |
|------------|------------------------|------------------------------|---|---|
| <b>KEY</b> | <b>Not Implemented</b> | <b>Partially Implemented</b> | <b>Implemented</b>                                    | <b>Past Implementation Date</b>                         |
|            | <b>Recommendation</b>  | <b>Management Response</b>   | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2020-01 Police Department Payroll Audit: Police Department**

| <b>Status of Recommendations on January 27, 2022:</b> |                       |                 |       |
|---|-----------------------|-----------------|-------|
| Implemented   | Partially Implemented | Not Implemented | Total |
| 11  | 0                     | 3               | 14    |

\*This report reflects responses for the 3 outstanding recommendations.

|     |   |   |   |   |
|-----|---|---|---|---|
| 5.2 | Review all current written departmental operating procedures related to Personnel and Payroll with the Human Resource Development Department and the City Attorney’s Office to ensure compliance with the FLSA. | For Item #2, Management will have the Police Attorney review all operating procedures related to payroll once the Finance Department has completed the updated timecards and their procedures and documented processes and ensure they align with the City of Fayetteville Policies. We will then provide the information for Human Resource Development Department for review.<br><br><b>Responsible Party:</b> Chief Gina V. Hawkins<br><br><b>Implementation Date:</b> 10/1/2020 | <b>Not Implemented</b><br><br>We are live in the system but still working out access issues and approval processes. Policy and procedures will be updated when final changes are completed. | <b>Not Implemented</b><br><br>Awaiting final approval to go “live” with KRONOS to ensure all current practices and procedures are final version and require no further changes to the system. |
| 5.3 | Document an approval process for overtime within the departmental operating procedures, to include a consideration for equitable treatment of overtime.   | Management will consult with the City Manager and Human Resources regarding items #3 and #4 in order to determine if this recommendation should be a part of the City Policy in order to ensure equitable treatment of overtime, even though the sworn  | <b>Not Implemented</b><br><br>We are live in the system but still working out access issues and approval processes. Policy and procedures will be updated when final changes are            | <b>Not Implemented</b><br><br>KRONOS approval procedures will be the new standard. Awaiting approval to go live to ensure no changes to the   |

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented       | Partially Implemented      | Implemented   | Past Implementation Date                                |
|-----|-----------------------|----------------------------|---|---|
|     | <b>Recommendation</b> | <b>Management Response</b> | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2020-01 Police Department Payroll Audit: Police Department**

|     |  |   |  |  |
|-----|--|---|--|--|
|     |  | <p>personnel is on the 7(k) Rule. There may be an infinite number of scenarios in which working over a prescheduled day could apply and not be considered overtime. Based on the previous response with training on FLSA 207 (k) and other FLSA to supervisory staff, the existing FLSA 207 (K) rule is clear and covers all situations when someone can be paid compensatory time versus overtime and does not need to be included in departmental operational procedures.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 10/1/2020</p> | completed.   | processes or procedures will be required.  |
| 5.4 | Update departmental operating procedures to align with current practices, to include criteria for when overtime is allowed versus earning compensatory time. | Management will consult with the City Manager and Human Resources regarding items #3 and #4 in order to determine if this recommendation should be a part of the City Policy in order to ensure equitable treatment of overtime, even though the sworn personnel is on the 7(k) Rule. There may be an infinite number of  | <p><b>Implemented</b></p> <p>Kronos automatically calculates sworn officer hours worked over 80 to be regular overtime and can be changed to comp time at the officer’s request.</p> <p>All civilian employees</p> | <p><b>Not Implemented</b></p> <p>Employees currently are able to identify how they will be compensated for their time and indicate in the KRONOS system how they would like to be compensated for hours worked over 80 hours in a two week</p> |



**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented       | Partially Implemented      | Implemented   | Past Implementation Date                                |
|-----|-----------------------|----------------------------|---|---|
|     | <b>Recommendation</b> | <b>Management Response</b> | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2020-01 Police Department Payroll Audit: Police Department**

|  |  |   |   |  |
|--|--|---|---|--|
|  |  | <p>scenarios in which working over a prescheduled day could apply and not be considered overtime. Based on the previous response with training on FLSA 207 (k) and other FLSA to supervisory staff, the existing FLSA 207 (K) rule is clear and covers all situations when someone can be paid compensatory time versus overtime and does not need to be included in departmental operational procedures.</p> <p><b>Responsible Party:</b> Chief Gina V. Hawkins</p> <p><b>Implementation Date:</b> 10/1/2020</p> | <p>automatically receive overtime for any hours worked over 40 in a work week and can be changed to comp time at the request of the employee.</p> | <p>time period. This remains inconsistent with FLSA standards which indicate a total of 170 hours work before OTE or Compensatory Time is offered.</p> |
|--|--|---|---|--|

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY  | Not Implemented       | Partially Implemented      | Implemented   | Past Implementation Date                                |
|--|-----------------------|----------------------------|---|---|
|  | <b>Recommendation</b> | <b>Management Response</b> | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |
| <b>A2021-02 Wireless Communication Usage Audit</b> |                       |                            |   |   |

| Status of Recommendations on January 27, 2022: |                       |                 |       |
|--|-----------------------|-----------------|-------|
| Implemented                                    | Partially Implemented | Not Implemented | Total |
| 0  | 0                     | 7               | 7     |

\*This report reflects responses for the 7 outstanding recommendations.

|     |  |   |  |  |
|-----|--|---|--|--|
| 1.1 | <p>Establish written guidelines that outline user department requirements for oversight and accountability. These guideline should include but not limited to:</p> <ul style="list-style-type: none"> <li>• Identify clear delineation of responsibilities related to the City’s wireless communication function within the Information Technology Department and applicable departmental personnel;</li> <li>• Monthly review of invoices for billing irregularity, overage charges, and zero and underutilized usage with actionable follow-up;</li> <li>• Documenting the business need for devices that must remain active regardless of usage;</li> <li>• Documenting management exceptions to City-wide</li> </ul> | <p>IT provided oral communication to departments regarding expectation for the monthly review of invoices. This finding is due to no management oversight by departments. In order to fully implement this recommendation, we need to centralize management of all wireless/mobile devices, which would require one FTE to manage the entire fleet of assets. Full implementation is contingent upon approval of FTE and support/collaboration from departments.</p> <p><b>Responsible Party:</b> Chief Information Officer</p> <p><b>Implementation Date:</b> 12/31/2022</p> | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p> | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p> |
|-----|--|---|--|--|

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY  | Not Implemented   | Partially Implemented   | Implemented  | Past Implementation Date   |
|--|---|---|--|--|
|  | Recommendation  | Management Response   | Management Follow-up Response – April 28, 2022   | Management Follow-up Response – January 27, 2022   |
| <b>A2021-02 Wireless Communication Usage Audit</b> |   |   |  |  |
|  | <p>standards for device distribution;</p> <ul style="list-style-type: none"> <li>• Timelines and reasons for the suspension and deactivation of cellular service plans; and</li> <li>• Utilizing Verizon Wireless hotspots in lieu of activating cellular service on multiple devices.</li> </ul> |   |  |  |
| 1.2  | <p>Assign devices to the appropriate contracted service plan prior to deploying the device to the assigned individual or department.</p>  | <p>IT provided oral communication to departments regarding expectation for the monthly review of invoices. This finding is due to no management oversight by departments. In order to fully implement this recommendation, we need to centralize management of all wireless/mobile devices, which would require one FTE to manage the entire fleet of assets. Full implementation is contingent upon approval of FTE and support/collaboration from departments.</p> <p><b>Responsible Party:</b> Chief Information Officer</p> | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p> | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p> |

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented       | Partially Implemented      | Implemented   | Past Implementation Date                                |
|-----|-----------------------|----------------------------|---|---|
|     | <b>Recommendation</b> | <b>Management Response</b> | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2021-02 Wireless Communication Usage Audit**

|     |  |   |  |  |
|-----|--|---|--|--|
| 2.1 | Complete and document a full inventory of all active devices to ensure existence.  | <p><b>Implementation Date:</b> 12/31/2022</p> <p>Centralized inventory tracking of wireless/mobile devices will be tracked via Verizon’s database. One dedicated FTE to manage the entire fleet of mobile devices coupled with support/collaboration from departments is key to fulfilling the stated recommendations. The current inventory process will be documented and revised to accomplish items 1, 2 &amp; 5. Full implementation is contingent upon approval of hiring one FTE as well as support/collaboration from departments.</p> <p><b>Responsible Party:</b> Chief Information Officer</p> <p><b>Implementation Date:</b> 12/31/2022</p> | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p> | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p> |
| 2.2 | Establish a centralized inventory of all devices and track all information necessary for devices to be traced to an individual, a piece of equipment, or a specific location, to include the individual responsible. | <p>Centralized inventory tracking of wireless/mobile devices will be tracked via Verizon’s database. One dedicated FTE to manage the entire fleet of mobile devices coupled with support/collaboration from departments is key to fulfilling the</p>  | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p>   | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p>   |

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented | Partially Implemented | Implemented                                    | Past Implementation Date                         |
|-----|-----------------|-----------------------|--|--|
|     | Recommendation  | Management Response   | Management Follow-up Response – April 28, 2022 | Management Follow-up Response – January 27, 2022 |

**A2021-02 Wireless Communication Usage Audit**

|     |   |  |  |  |
|-----|---|--|--|--|
|     |   | <p>stated recommendations. The current inventory process will be documented and revised to accomplish items 1, 2 &amp; 5. Full implementation is contingent upon approval of hiring one FTE as well as support/collaboration from departments.</p> <p><b>Responsible Party:</b> Chief Information Officer</p> <p><b>Implementation Date:</b> 12/31/2022</p>  | <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>  | <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p>  |
| 2.3 | <p>As the City migrates to the Oracle Cloud ERP system, the small asset management system should be implemented and used to track all City small assets, to include cellular devices.</p> | <p>Centralized inventory tracking of wireless/mobile devices will be tracked via Verizon’s database. One dedicated FTE to manage the entire fleet of mobile devices coupled with support/collaboration from departments is key to fulfilling the stated recommendations. The current inventory process will be documented and revised to accomplish items 1, 2 &amp; 5. Full implementation is contingent upon approval of hiring one FTE as well as support/collaboration from departments.</p> | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p> | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p> |

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented       | Partially Implemented      | Implemented   | Past Implementation Date                                |
|-----|-----------------------|----------------------------|---|---|
|     | <b>Recommendation</b> | <b>Management Response</b> | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2021-02 Wireless Communication Usage Audit**

|     |   |   |  |  |
|-----|---|---|--|--|
|     |   | <p><b>Responsible Party:</b> Chief Information Officer</p> <p><b>Implementation Date:</b> 12/31/2022</p>  |  |  |
| 2.4 | Follow established City standards for properly documenting the surplus and removal of all devices past their usable life cycle. | <p>Centralized inventory tracking of wireless/mobile devices will be tracked via Verizon’s database. One dedicated FTE to manage the entire fleet of mobile devices coupled with support/collaboration from departments is key to fulfilling the stated recommendations. The current inventory process will be documented and revised to accomplish items 1, 2 &amp; 5. Full implementation is contingent upon approval of hiring one FTE as well as support/collaboration from departments.</p> <p><b>Responsible Party:</b> Chief Information Officer</p> <p><b>Implementation Date:</b> 12/31/2022</p> | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p> | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p> |
| 2.5 | Establish written guidelines requiring a periodic departmental inventory for device existence.                                  | <p>Centralized inventory tracking of wireless/mobile devices will be tracked via Verizon’s database. One dedicated FTE to manage the entire</p>   | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE</p>  | <p><b>Not Implemented</b></p> <p>Implementation is contingent upon the approval of an FTE</p>  |

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented       | Partially Implemented      | Implemented   | Past Implementation Date                                |
|-----|-----------------------|----------------------------|---|---|
|     | <b>Recommendation</b> | <b>Management Response</b> | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2021-02 Wireless Communication Usage Audit**

|  |  |  |   |   |
|--|--|--|---|---|
|  |  | <p>fleet of mobile devices coupled with support/collaboration from departments is key to fulfilling the stated recommendations. The current inventory process will be documented and revised to accomplish items 1, 2 &amp; 5. Full implementation is contingent upon approval of hiring one FTE as well as support/collaboration from departments.</p> <p><b>Responsible Party:</b> Chief Information Officer</p> <p><b>Implementation Date:</b> 12/31/2022</p> | <p>position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p> | <p>position and support/collaboration from departments.</p> <p>The Information Technology Department plans to request an FTE position via the new initiative process during the fiscal year 2022-2023 budget process.</p> |
|--|--|--|---|---|

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

|            |                        |                              |   |   |
|------------|------------------------|------------------------------|---|---|
| <b>KEY</b> | <b>Not Implemented</b> | <b>Partially Implemented</b> | <b>Implemented</b>                                    | <b>Past Implementation Date</b>                         |
|            | <b>Recommendation</b>  | <b>Management Response</b>   | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2020-04 Vector Fleet Contract Audit**

| <b>Status of Recommendations on January 27, 2022:</b> |                       |                 |       |
|---|-----------------------|-----------------|-------|
| Implemented   | Partially Implemented | Not Implemented | Total |
| 0   | 0                     | 3               | 3     |

\*This report reflects responses for the 3 outstanding recommendations.

|     |   |  |   |   |
|-----|---|--|---|---|
| 1.3 | <p>Establish a Fleet Maintenance Committee comprised of representatives from various City departments that utilize fleet services. A Committee chair, preferably a manager from the City Manager’s Office, should lead the group. The Committee’s purpose should be to address fleet-related issues, such as developing fleet policies and procedures, and resolving fleet service-related issues. The Fleet Manager’s role should be to staff the Committee and bring topics and analysis to the Committee for discussion.</p> | <p>a. Management believes establishing a “Fleet Committee” could be valuable and provide some desired clarity in accountability, areas of responsibility, establishment of agreed Standard Operating Procedures (SOP’s) and process improvements. The resulting recommendations will be either implemented or submitted to the City Manager’s Office for consideration(s).</p> <p>b. Management will establish a weekly scheduled meeting with the Fleet Management and Maintenance Staff: Fleet Manager will facilitate this meeting. In addition management will schedule a monthly meeting with the full Fleet Committee, facilitated by a Staff member from the City Manager’s Office.</p> | <p style="color: red; font-weight: bold;">Not Implemented</p> <p style="color: red;">Currently there are meetings with Fleet and the individual departments on a bi-weekly basis, The City has been unsuccessful in hiring a permanent Fleet Manager and has hired a recruiter to assist.</p> <p style="color: red;">Once the Fleet Manager is hired then the fleet committee will take shape.</p> <p style="color: red;">The expected recruitment time period is 30-60 days.</p> | <p style="color: red; font-weight: bold;">Not Implemented</p> <p>Currently there are meetings with Fleet and the individual departments on a bi-weekly basis, The City has been unsuccessful in hiring a permanent Fleet Manager and has hired a recruiter to assist.</p> <p>Once the Fleet Manager is hired then the fleet committee will take shape.</p> <p>The expected recruitment time period is 30-60 days.</p> |
|-----|---|--|---|---|



**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented       | Partially Implemented      | Implemented   | Past Implementation Date                                |
|-----|-----------------------|----------------------------|---|---|
|     | <b>Recommendation</b> | <b>Management Response</b> | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2020-04 Vector Fleet Contract Audit**

|     |   |  |  |  |
|-----|---|--|--|--|
|     |   | <p><b>Responsible Party:</b> Chief Financial Officer or his/her Designee</p> <p><b>Implementation Date:</b><br/>           a. January 31, 2022 – Seek City Manager’s Office approval to establish committee and select facilitator and members.<br/>           b. February 28, 2022 – Conduct kick-off meeting</p>   |  |  |
| 3.2 | Publish, communicate and implement written policies and procedures City-wide, to include but not limited to personnel who utilize fleet services. | <p>a. Management will author and/or update the current policies and procedures, as relates to fleet management and maintenance.</p> <p>b. The policies and procedures will be developed with the assistance, concurrence of the “fleet committee” and authorized by the City Manager’s Office.</p> <p><b>Responsible Party:</b> Chief Financial Officer or his/her Designee</p> <p><b>Implementation Date:</b> December 31, 2021</p> | <p><b>Not Implemented</b></p> <p>This is in progress awaiting the successful recruitment of a Fleet Manager.</p> | <p><b>Not Implemented</b></p> <p>This is in progress – expected to be complete and sent to SLT for review by 2.14.22</p> |

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented       | Partially Implemented      | Implemented   | Past Implementation Date                                |
|-----|-----------------------|----------------------------|---|---|
|     | <b>Recommendation</b> | <b>Management Response</b> | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2020-04 Vector Fleet Contract Audit**

|     |   |  |  |   |
|-----|---|--|--|---|
| 3.3 | Provide training on contract policies and procedures for compliance and monitoring. | <p>Management will prepare and schedule appropriate training.</p> <p><b>Responsible Party:</b> Chief Financial Officer or his/her Designee</p> <p><b>Implementation Date:</b> March 31, 2022</p> | <p><b>Not Implemented</b></p> <p>The Finance department is currently creating new training and policies in concurrence with the new ERP system's (HUB) implementation.</p> | <p><b>Not Implemented</b></p> <p>Should still be able to achieve this date.</p> |
|-----|---|--|--|---|

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

|  |                        |                              |   |   |
|--|------------------------|------------------------------|---|---|
| <b>KEY</b>                                       | <b>Not Implemented</b> | <b>Partially Implemented</b> | <b>Implemented</b>                                    | <b>Past Implementation Date</b>                         |
|  | <b>Recommendation</b>  | <b>Management Response</b>   | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |
| <b>A2022-01 Fire Kronos Implementation Audit</b> |                        |                              |   |   |

| <b>Status of Recommendations on January 27, 2022:</b>                  |  |   |  |  |
|--|--|---|--|--|
| Implemented  | Partially Implemented  | Not Implemented   | Total  |  |
| 0  | 0  | 4   | 4  |  |
| *This report reflects responses for the 4 outstanding recommendations. |  |   |  |  |
| 1.1  | Work with the Human Resource Development Department and the City Attorney’s Office and establish written payroll policies. | Now that the transition is nearly complete, the department can codify its practices, aligned with the functionality of the new systems. The department has been made aware of a pending upgrade to the Kronos and Telestaff software platforms that necessitates delay of implementing any new policies until system changes are known. In the interim, the department has requested review of its payroll practices by a third party consultant. The department plans to have its new processes defined by policy no later than June 30, 2022.<br><br><b>Responsible Party:</b> Deputy Chief of Human Resources<br><br><b>Implementation Date:</b> June 30, 2022 | <b>Partially Implemented</b><br><br>A written draft of the process under the current system has been completed. The department is still relegated to waiting upon the system upgrades to be completed before codifying into policy. The department has not received any feedback from the third party consultant at the time of this report. | Not Applicable – Audit report presented at January 27, 2022 Audit Committee meeting. |

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented       | Partially Implemented      | Implemented   | Past Implementation Date                                |
|-----|-----------------------|----------------------------|---|---|
|     | <b>Recommendation</b> | <b>Management Response</b> | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2022-01 Fire Kronos Implementation Audit**

|     |   |  |  |  |
|-----|---|--|--|--|
| 1.2 | Update and maintain documented payroll procedures to align with current payroll processes. The procedures should be sufficient for alternate employees to process departmental payroll. | <p>Now that the transition is nearly complete, the department can codify its practices, aligned with the functionality of the new systems. The department has been made aware of a pending upgrade to the Kronos and Telestaff software platforms that necessitates delay of implementing any new policies until system changes are known. In the interim, the department has requested review of its payroll practices by a third party consultant. The department plans to have its new processes defined by policy no later than June 30, 2022.</p> <p><b>Responsible Party:</b> Deputy Chief of Human Resources</p> <p><b>Implementation Date:</b> June 30, 2022</p> | <p><b>Partially Implemented</b></p> <p>A written draft of the process under the current system has been completed. The department is still relegated to waiting upon the system upgrades to be completed before codifying into policy. The department has not received any feedback from the third party consultant at the time of this report. Adequate guidance is included in the draft document to effectuate bi-weekly payroll.</p> | Not Applicable – Audit report presented at January 27, 2022 Audit Committee meeting. |
| 1.3 | Designate and train an alternate employee to perform payroll processes.   | The department will continue to maintain alternate staff with the knowledge and ability to process payroll, primarily using the office assistant assigned to the training division.  | <p><b>Partially Implemented</b></p> <p>The Deputy Chief of Human Resources and the Fire Chief have been trained to perform payroll processes as needed.</p>  | Not Applicable – Audit report presented at January 27, 2022 Audit Committee meeting. |

**Office of Internal Audit**  
**Quarterly Management Implementation Status Report**  
**Fiscal Year 2021-2022 (3<sup>rd</sup> Quarter)**

| KEY | Not Implemented       | Partially Implemented      | Implemented   | Past Implementation Date                                |
|-----|-----------------------|----------------------------|---|---|
|     | <b>Recommendation</b> | <b>Management Response</b> | <b>Management Follow-up Response – April 28, 2022</b> | <b>Management Follow-up Response – January 27, 2022</b> |

**A2022-01 Fire Kronos Implementation Audit**

|     |   |  |  |  |
|-----|---|--|--|--|
|     |   | <p><b>Responsible Party:</b> Deputy Chief of Human Resources</p> <p><b>Implementation Date:</b> June 30, 2022</p>  | Additional personnel will be trained upon acquisition of requested position(s).  |  |
| 1.4 | Require a qualified independent employee, conduct a review, which at a minimum should include the manual corrections made, and approve the timecards in Kronos. | <p>The department will explore ways to incorporate quality control audits with each bi-weekly payroll process by comparing entries made in the Kronos System to those in TeleStaff. The department understands there will need to be another level of quality control implemented to ensure data from Kronos is accurately transferred into the ERP system once it is operational. This responsibility will fall upon the Deputy Chief of Human Resources with other Chief Officers having the ability to review and approve time cards as needed.</p> <p><b>Responsible Party:</b> Deputy Chief of Human Resources</p> <p><b>Implementation Date:</b> June 30, 2022</p> | <p><b>Implemented</b></p> <p>The Deputy Chief of Human Resources and/or the Fire Chief performs a cursory review of each payroll period upon processing.</p> | Not Applicable – Audit report presented at January 27, 2022 Audit Committee meeting. |



Office of Internal Audit

**Compliance Audit 2021-04  
Changes to Employee Pay**

**April 2022**

**Interim Director of Internal Audit**  
Rose Rasmussen

**Internal Auditor**  
Amanda Mott

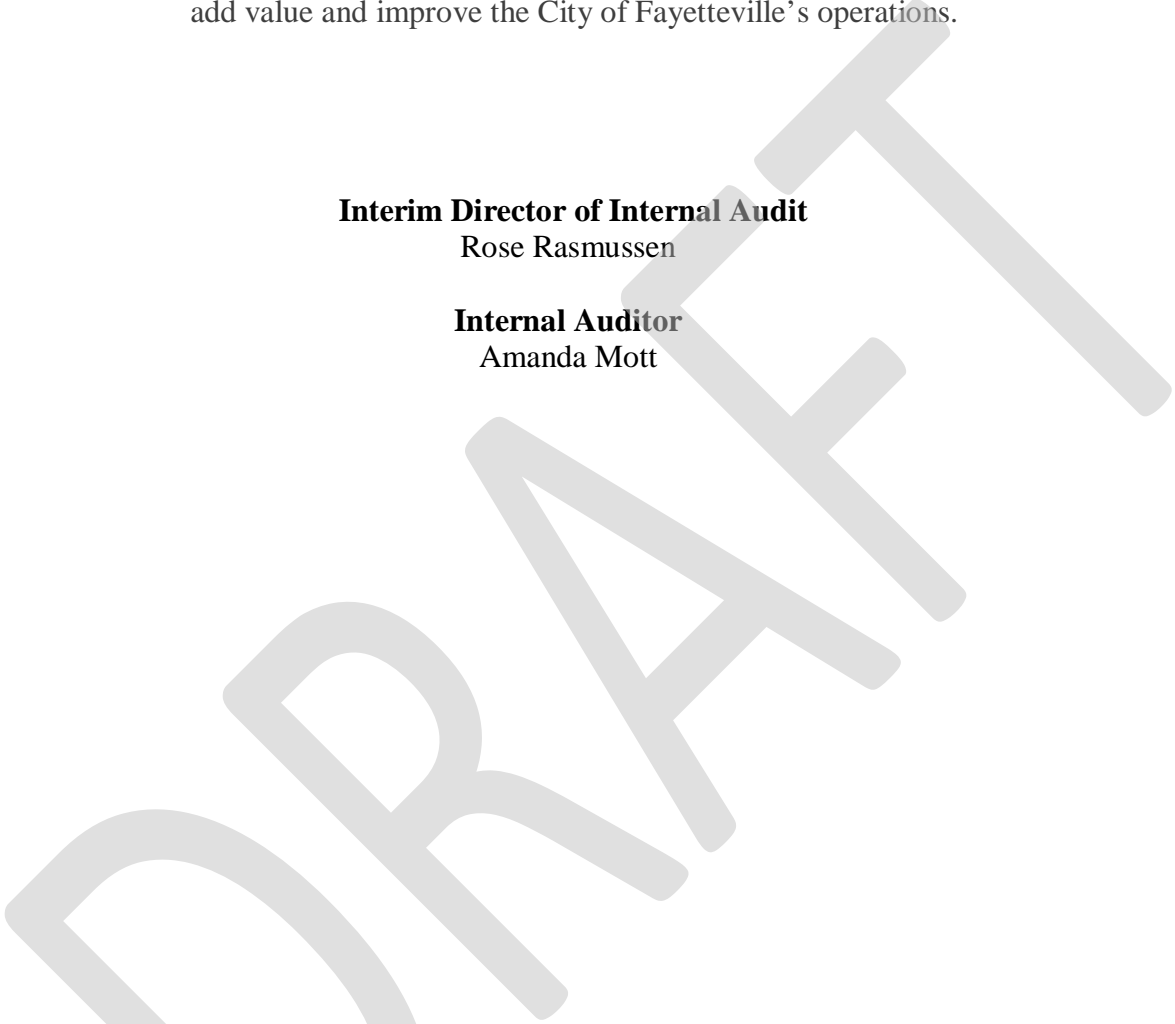


**OUR MISSION**

Provide independent, objective assurance and consulting services designed to add value and improve the City of Fayetteville’s operations.

**Interim Director of Internal Audit**  
Rose Rasmussen

**Internal Auditor**  
Amanda Mott



**TABLE OF CONTENTS**

[Highlights.....1](#)

[Background.....2](#)

[Findings, Recommendations and Management Responses.....4](#)

[Conclusion.....4](#)

**[Internal Audit / Fayetteville, NC \(fayettevillenc.gov\)](http://fayettevillenc.gov)**

**Mailing Address: 433 Hay Street, Fayetteville, NC 28301**

## Changes to Employee Pay Highlights

### Objective:

To determine if adjustments to employee base pay were properly approved, accurately calculated, processed timely and adequately supported.

### Scope:

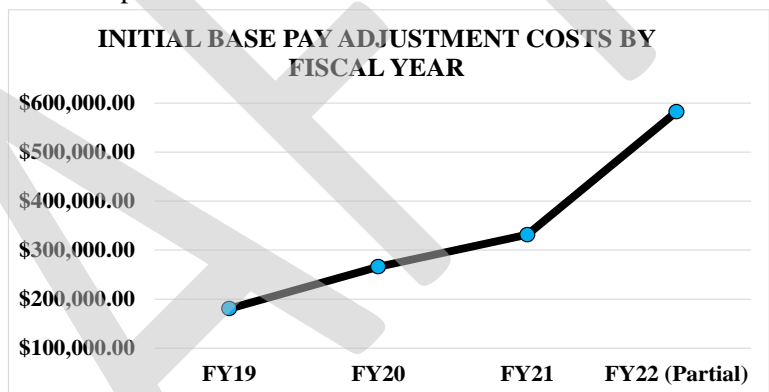
- Sample included 56 base pay adjustments (9%) from July 1, 2018 through December 31, 2021; and
- Excluded pay adjustments budgeted in the annual budget adopted by City Council.

### Background:

- Additional base pay adjustments were requested by department management for specific employees.
- 50% of special pay adjustments sampled were to address market and internal inequity.
- By only adjusting base pay for specific employees, inequities for the same pay grade or position in other departments were not addressed.

### Highlights:

- 636 approved base pay adjustments not associated with pay plan changes or performance increases adopted in the annual budget:
  - 117 adjustments for temporarily assuming higher level duties; and
  - 519 additional adjustments, totaling \$1.36 million, as depicted below.



\*FY22 only reflects six months

- Base pay adjustments could be reduced by addressing the disproportion between the market rate and the rate paid to current City employees.

### Conclusion:

No significant findings were noted.

The following improvement opportunities were identified:

- Clarify guidelines to reduce varying interpretations; and
- Consider reviewing the pay adjustment reasons and change codes to ensure coding is consistent as the City transitions to the HUB, the City's new enterprise resource planning system.



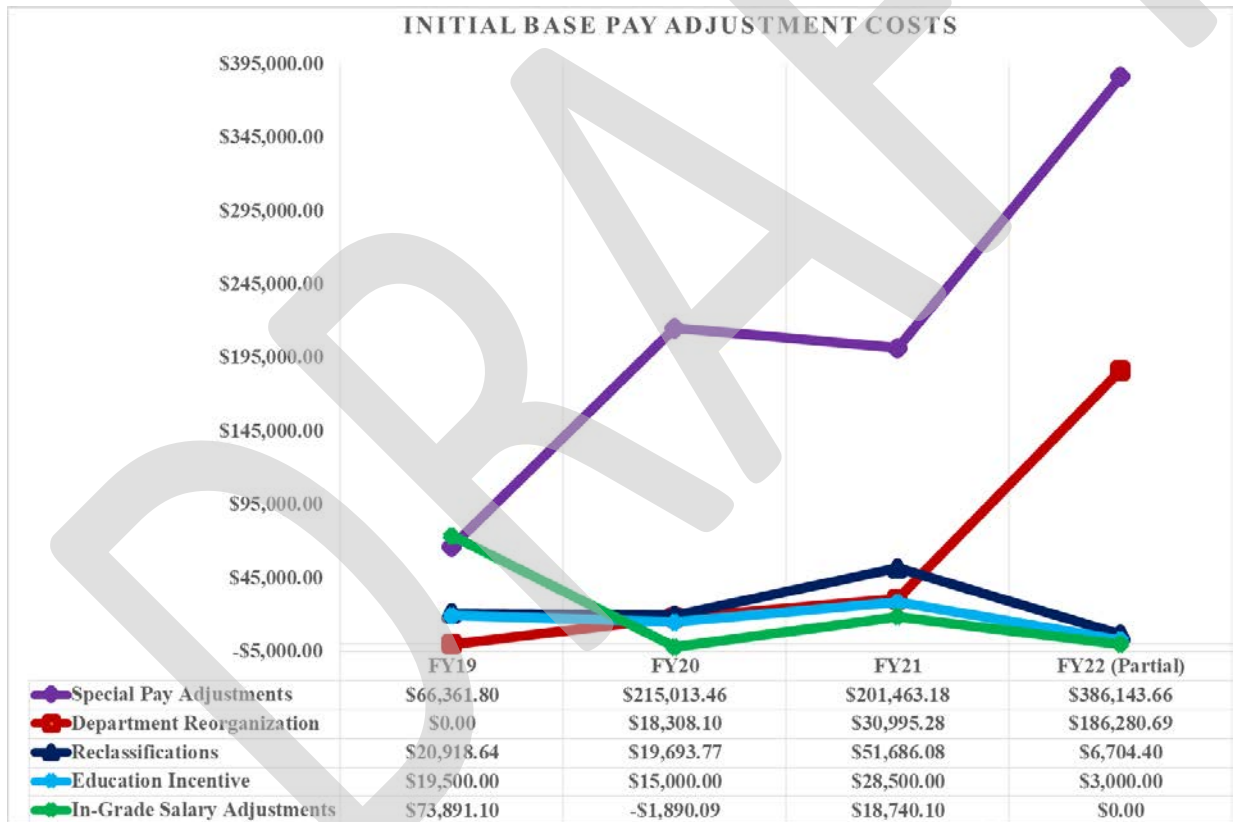
**BACKGROUND**

The City’s pay plan established base pay. When changes to the pay plan and performance increases were adopted in the annual budget ordinance, base pay adjustments were needed to bring employees to the new pay grade minimums and to incorporate the approved performance increases.

A total of 636 additional base pay adjustments occurred from July 1, 2018 to December 31, 2021 as a result of requests initiated by department management. Requests included:

- Temporary assignment pay for temporarily assuming higher level duties and responsibilities;
- Public safety education incentives for obtaining associate and bachelor degrees;
- Position reclassification to adjust a position to reflect current job duties and responsibilities;
- Position changes and/or updates due to department reorganizations;
- Adjustments due to obtaining certifications, and
- Special pay adjustments. Reasons for special pay adjustments included but were not limited to: permanent addition of duties; sustained superior performance; market and internal equity, and retention and counter offer.

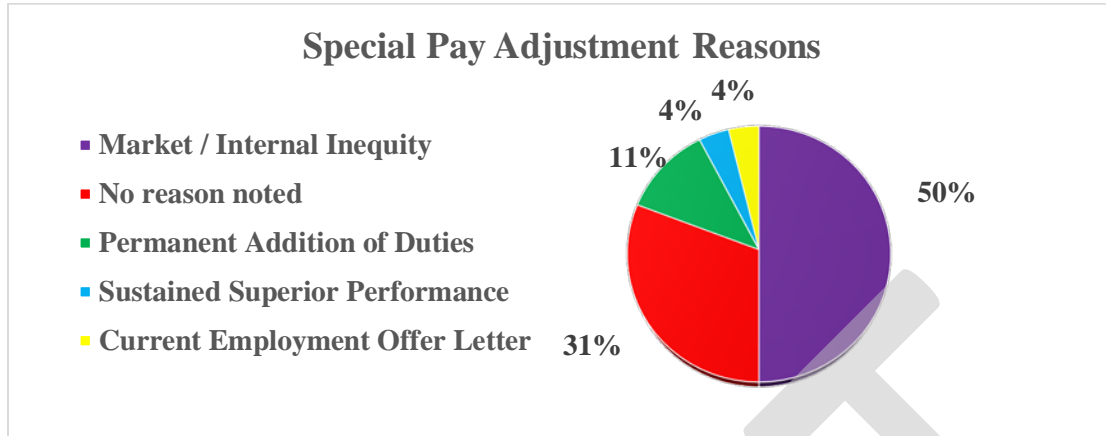
Of the 636 adjustments, 117 were for temporary assignment pay. The remaining 519 base pay adjustments totaled \$1.36 million in initial adjustment costs. This amount reflects the difference between the salaries prior to and after the adjustments. The chart below represents the amounts and types of the 519 adjustments based on the coding in JD Edwards, the City’s current enterprise resource planning.<sup>1</sup>



*\*FY22 only reflects six months but the other fiscal years reflect 12 months.*

<sup>1</sup> Internal Audit noted inconsistencies in the adjustment change and reason coding within JD Edwards. Without reviewing the documentation for each adjustment, Internal Audit could not determine if the adjustments were in the correct categories for the purpose of this chart.

As depicted in the chart above, 63% of the pay adjustments were coded as a special pay adjustment. The chart below shows 50% of the special pay adjustments sampled were requested to address market and internal inequity.



Market and internal inequity can occur due to pay compression. This happens when the market rate outpaces the pay increases given by the City. In some cases, compression can cause current employees to be paid less than new employees, who require to be paid at market rates to fill open positions. To combat this compression, the audit revealed some departments, with the ability and willingness, request special pay adjustments.

These base pay adjustments are granted for specific employees and do not address the pay of others within the same pay grade or in similar jobs within the City. These pay increases may create inequities between City departments.

Addressing pay compression could reduce the need for base pay adjustments. The fiscal year 2021-2022 adopted budget included \$150,000 for an employee pay study. The pay study is in progress; therefore, Internal Audit could not determine if the pay study will address existing pay compression.

#### **AUDIT OBJECTIVES**

The objective of the audit was to determine if adjustments to employee base pay were properly approved, accurately calculated, processed timely and adequately supported.

#### **AUDIT SCOPE**

The scope of the audit included 56 (9%) of 636 base pay adjustments from July 1, 2018 through December 31, 2021. This audit did not include pay adjustments approved by City Council through the adoption of the annual budget or associated with the recruitment and selection process.

#### **AUDIT METHODOLOGY**

To review compliance, Internal Audit:

- Reviewed applicable written policies, procedures, and guidelines;
- Interviewed Human Resource Development Department personnel;
- Reviewed employee information in JD Edwards to include basic demographic information, salaries and additional information necessary to meet audit objectives;
- Reviewed employee changes notices and any additional documentation related to changes in employee pay, and
- Considered the risk of fraud, waste and abuse.

***FINDINGS, RECOMMENDATIONS,  
AND MANAGEMENT'S RESPONSES***

Based on audit work performed, base pay adjustments were performed in compliance with City guidelines. No significant exceptions were noted.

***CONCLUSION***

Internal Audit has concluded work on the audit of changes to employee pay. Based upon test work performed, Internal Audit concluded controls were sufficient for base pay adjustments to be properly approved, accurately calculated, processed timely and adequately supported.

Although not considered findings but not to be overlooked, Internal Audit identified the following opportunities for improvement:

- Guidelines could be clarified to reduce the potential for varying interpretations.
- As the City transitions to the HUB, the City's new enterprise resource planning system, management should consider reviewing the pay adjustment reasons and change codes to ensure coding is consistent and only codes necessary are carried forward into the new system.

Internal Audit would like to thank Department personnel for their assistance and numerous courtesies extended during the completion of this audit.

**Distribution:**

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